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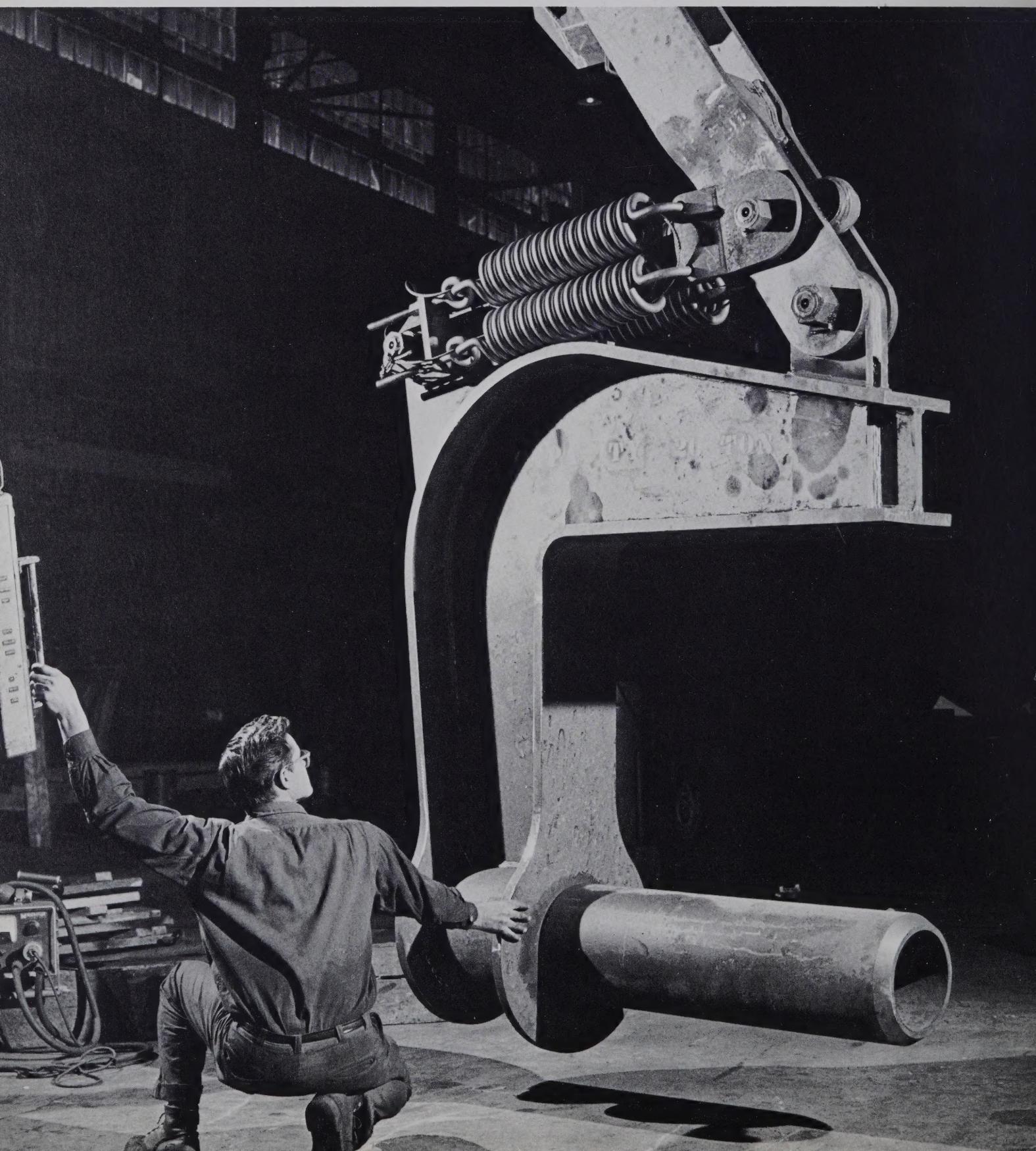
**Bridge & Tank** Company of Canada Limited

Annual Report 1968



(Cover) Artist's conception of Hydro's coal-fired 2,000,000 Kilowatt Nanticoke Generating station. The main building will be 910 feet long, requiring approximately 20,000 tons of structural steel, supplied by Hamilton Bridge Division.

20 ton coil lifting hook designed and manufactured by Hamilton Bridge Division.



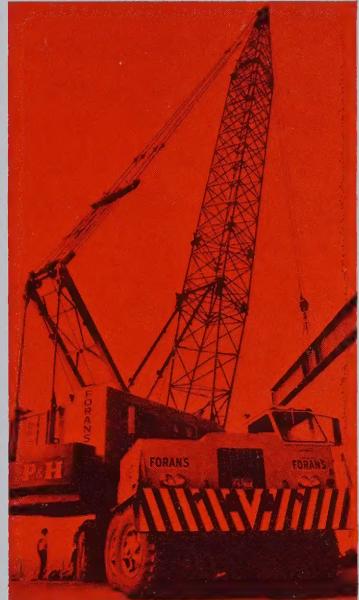


#### DIRECTORS

Marsh A. Cooper *Toronto*  
J. A. Durfey *Hamilton*  
J. S. Gairdner *Toronto*  
Dr. R. L. Hearn *Toronto*  
Dr. W. F. James *Toronto*  
Victor L. Johnson *New York*  
V. G. Lamont *Hamilton*  
Harry B. Martin *Toronto*  
D. A. McIntosh *Toronto*  
W. B. Nicol *Hamilton*  
W. J. R. Paton *Montreal*  
H. I. Price *Toronto*  
Trumbull Warren *Hamilton*

#### OFFICERS

H. I. Price *Chairman of the Board*  
Trumbull Warren *Vice Chairman of the Board*  
W. B. Nicol *President & General Manager*  
J. A. Durfey *Vice-President-Finance, and Treasurer*  
V. G. Lamont *Vice-President-Sales*  
T. B. Judd *Secretary*



Head Frame for Saskatchewan Potash Mining Industry fabricated and erected by Bridge and Tank Western.

Foran's 140 ton mobile crane with 250 foot boom and 50 foot jib.

#### OPERATING UNITS

##### HAMILTON BRIDGE DIVISION

HAMILTON

W. B. Nicol *General Manager*

##### BRIDGE & TANK WESTERN LTD.

WINNIPEG

A. Fraser MacDonald *General Manager*

##### RHEEM CANADA LIMITED

HAMILTON

Trumbull Warren *President*

W. R. Shivas *General Manager*

##### FORD-SMITH MACHINE COMPANY LIMITED

HAMILTON

D. Giglia *General Manager*

##### FORD-SMITH COMPAGNIE LIMITÉE

MONTREAL

D. Giglia *General Manager*

B. A. Dawson *Branch Manager*

##### FORAN'S CRANE & EQUIPMENT SERVICE LIMITED

HAMILTON

James Foran *General Manager*

#### TRANSFER AGENTS

##### ROYAL TRUST COMPANY

#### ADMINISTRATIVE OFFICES

390 Gage Avenue North, Hamilton, Ontario

TO THE SHAREHOLDERS OF BRIDGE & TANK COMPANY OF CANADA LIMITED

Dear Sir or Madam:

On behalf of the Board of Directors of Bridge & Tank Company of Canada Limited I submit herewith the audited Consolidated Balance Sheet of your Company for the year ended December 31, 1968 and the Consolidated Statements of Earnings, Earned Surplus and Source and Application of Funds for the year ending the same date.

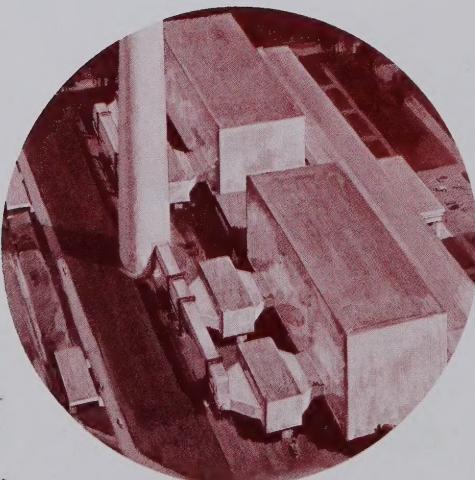
For this period the statement shows a Consolidated Net Loss of \$271,733. This loss resulted from several major problems during the past year. Operations during the year were adversely affected by the depressed market conditions in the steel industry, high interest rates and a continuation of lower prices throughout the industry. On some contracts there was no profit margin nor even full overhead recovery. The strike by the Ironworkers Union (Steel Erectors) which commenced in May 1967 was not settled until the end of February 1968 and the conditions thereby created affected operations well beyond the date of settlement. Bridge & Tank Western Ltd. suffered a major setback in the field erection of two bridges in Northwestern Alberta. Adverse weather and site conditions beyond the control of the company created a situation which resulted in a loss of approximately \$250,000. Erection procedures had to be changed several times and

the full impact of the loss is reflected in the 1968 statement. Production and Erection costs have increased due to higher wages without a compensating increase in prices.

Depreciation written off during the year amounted to \$544,312. which more than offset the loss from a cash flow standpoint. Consolidated sales for 1968 amounted to \$20,089,164. compared with \$23,447,934. in 1967 although the latter figure is not strictly comparable as it contains sales of approximately \$1,600,000. of Vulcan Machinery & Equipment Ltd. which was disposed of early in the year 1968.

Hamilton Bridge Division was successful in obtaining a major contract with Ontario Hydro for approximately 20,000 tons of steel at a value in excess of \$10,000,000., but this had no effect on 1968 earnings since the work did not get into actual production before the end of the year. The Mechanical and Breco operations were profitable, but this was not sufficient to offset the depressed conditions in the structural industry. Sales backlog of this Division as of December 31, 1968 amounted to \$12,227,978. as compared with \$7,240,900. at the end of 1967.

Rheem Canada Limited (50% owned) is a leading manufacturer of steel shipping containers as well as transformer





cases and domestic water heaters. Sales volume in 1968 was practically the same as for 1967 even though the sales of the new Vancouver operation suffered from a three months strike at one of its customers. Net profit was considerably reduced, however, due mainly to lower profit margins on the company's products. Although labour and materials have increased in cost the selling prices have remained relatively stable and the company is currently engaged in a cost reduction program.

Ford-Smith Machine Company Limited and Ford-Smith Compagnie Limitée continue to be engaged primarily in the sales of hydraulic hoists, fifth wheels and industrial grinding machines and show modest profits slightly in excess of the profits for 1967.

Conditions in the construction industry adversely affected the volume of rentals of the fleet of cranes owned and operated by Foran's Crane & Equipment Service Limited. A substantial increase in wage rates was not offset by a comparable increase in rental rates. It is confidently expected, however, that this situation will improve with an increase in construction volume.

In the field of Labour Relations, contracts for plant personnel negotiated in June 1968 were for a two year period and expire in 1970. The Steel Erectors

contract, however, comes up for renewal in April 1969. We expect to continue to negotiate as a member of the Structural Steel Erection Contractors Association of Ontario which represents most of the steel erection firms in the province.

During the first half of the year the Company disposed of its interest in Vulcan Machinery & Equipment Ltd. in Winnipeg at a loss of some \$283,000. which has been charged to Earned Surplus. This company was engaged in the sale and servicing of heavy construction equipment such as graders, front end loaders, scrapers and other road building equipment and had suffered a series of major losses. As constituted it did not offer any prospect of complementing or contributing to the earnings of the parent company.

Despite continuous efforts to preserve the level of Working Capital, the Consolidated figure at the end of 1968 amounted to \$2,006,437. While it is hoped that the Working Capital will shortly show an upward trend, it is essential to defer any major capital expenditures.

Present indications are that 1969 will show a decided increase in the volume of structural steel contracts and it is already assured that our mechanical facilities will be booked to capacity for

the year. Although the dividends on our Preference Shares have had to be suspended to preserve our Working Capital it is our intention to resume these payments as soon as the level of Earnings and Working Capital justify the resumption.

The Board wishes to express its appreciation to the officers and employees of the company for their conscientious efforts during the past year.

Submitted on behalf of the Board of Directors.

W. B. Nicol, President

# Bridge & Tank Company of Canada Limited and Subsidiary Companies

ASSETS	1968	1967
<b>CURRENT ASSETS:</b>		
Cash .....	\$ 28,461	\$ 178,115
Accounts and notes receivable .....	2,847,944	3,401,533
Inventories, valued at the lower of cost or net realizable value .....	4,441,314	7,233,836
Marketable securities at cost, available for contract and other deposits (1968, market value \$148,005) .....	202,084	211,846
Contract and other deposits (1968, including securities at cost \$221,608; market value \$162,305) .....	224,961	216,271
Prepaid expenses .....	31,645	66,559
<b>TOTAL CURRENT ASSETS</b> .....	<b>7,776,409</b>	<b>11,308,160</b>
Special refundable tax .....	23,633	33,309
Mortgage receivable .....	65,990	—
Funds provided for the purchase of preference shares (note 5) .....	100,000	83,677
<b>Investments (note 2):</b>		
Preference shares, at cost .....	250,000	250,000
Notes receivable, less \$135,000 due within one year included in current assets.....	50,000	125,000
	<b>300,000</b>	<b>375,000</b>
<b>Fixed assets, less accumulated depreciation (note 3):</b>		
Buildings, machinery and equipment .....	12,453,877	12,572,937
Less accumulated depreciation .....	7,244,217	6,937,495
	<b>5,209,660</b>	<b>5,635,442</b>
Land .....	292,397	319,032
	<b>5,502,057</b>	<b>5,954,474</b>
Deferred charges, less amounts written off .....	22,477	12,547
Excess of cost of investment in a wholly-owned subsidiary over underlying net book value at date of acquisition .....	216,845	216,845
Financing and organization expenses, less amounts written off .....	34,415	36,143
	<b>\$14,041,826</b>	<b>\$18,020,155</b>

## AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Bridge & Tank Company of Canada Limited and subsidiary companies as of December 31, 1968 and the consolidated statements of earnings, earned surplus and source and application of funds for the year then ended. Our examination of the financial statements of Bridge & Tank Company of Canada Limited and those subsidiaries of which we are the auditors included a general review of the accounting procedures and such tests of



## Consolidated Balance Sheet December 31, 1968 with comparative figures for 1967

### LIABILITIES AND SHAREHOLDERS' EQUITY

1968

1967

#### CURRENT LIABILITIES:

##### Bank indebtedness:

Secured .....	\$ 2,620,334	\$ 3,117,060
Not secured .....	281,781	91,481
	<hr/>	<hr/>
Accounts payable and accrued charges .....	2,902,115	3,208,541
Current portion of long term debt (note 4) .....	1,642,449	1,986,627
Advance billings on uncompleted contracts .....	180,698	354,561
Income taxes payable .....	864,926	2,997,600
Other taxes payable .....	27,925	171,799
	<hr/>	<hr/>
<b>TOTAL CURRENT LIABILITIES</b> .....	<b>5,769,972</b>	<b>8,897,871</b>

Possible claims under product guarantees .....

122,768

112,325

Long term debt (note 4) .....

1,034,114

1,295,504

Minority interest in capital stock and earned surplus of a subsidiary .....

987,910

951,580

#### Shareholders' equity:

##### Capital stock (note 5):

32,017, \$2.90 Sinking Fund Preference shares, par value \$50 each .....	1,600,850	1,600,850
1,043,694 Common shares of no par value .....	1,815,166	1,815,166
	<hr/>	<hr/>
Amount arising from appraisal of fixed assets .....	3,416,016	3,416,016
Earned surplus (note 6) .....	1,098,253	1,098,253
	<hr/>	<hr/>
<b>6,127,062</b>		<b>2,248,606</b>
		<b>6,762,875</b>

#### Contingent liabilities and commitments (note 7)

Approved on behalf of the board:

H. I. Price *Director*

W. B. Nicol *Director*

*(See accompanying notes to consolidated financial statements)*

**\$14,041,826**

**\$18,020,155**

accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied on the report of the auditors who have examined the financial statements of the other subsidiary.

In our opinion, subject to the matter referred to in note 2 to the financial statements, these consolidated financial statements present fairly the financial position of the company and subsidiary companies at December 31, 1968 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles which, except for the change in the basis of providing for taxes on income as described in note 8 to the financial statements, with which we concur, were applied on a basis consistent with that of the preceding year.

Peat, Marwick, Mitchell & Co.  
Chartered Accountants.  
Hamilton, Ontario      February 14, 1969



Rheem drums for delivery to the Chemical, Food and Petroleum Industry.

**CONSOLIDATED STATEMENT OF EARNINGS YEAR ENDED  
DECEMBER 31, 1968 WITH COMPARATIVE FIGURES FOR 1967**

	1968	1967
Sales .....	\$20,089,164	\$23,447,934
Costs, including selling and administrative expenses .....	19,328,451	21,879,499
Depreciation .....	544,312	552,384
Direct remuneration of directors and senior officers .....	178,285	212,426
	<u>20,051,048</u>	<u>22,644,309</u>
Operating profit .....	38,116	803,625
Other income:		
Income from sundry investments .....	30,710	20,849
Profit (loss) on disposal of fixed assets .....	(17,399)	4,965
Discount on redemption of first mortgage bonds .....	10,022	8,150
	<u>23,333</u>	<u>33,964</u>
	61,449	837,589
Income deductions:		
Interest on long term debt .....	80,111	129,535
Financing and organization expenses .....	5,448	5,448
	<u>85,559</u>	<u>134,983</u>
Profit (loss) before taxes on income .....	(24,110)	702,606
Taxes on income (note 8):		
Currently payable by certain companies in the group .....	194,244	257,825
Less chargeable against earned surplus and minority interest .....	15,950	—
	<u>178,294</u>	<u>257,825</u>
Net profit (loss) before minority interest .....	(202,404)	444,781
Minority interest in profit of a subsidiary .....	69,329	117,665
Net profit (loss) .....	<u>\$ (271,733)</u>	<u>\$ 327,116</u>

**CONSOLIDATED STATEMENT OF EARNED SURPLUS YEAR ENDED  
DECEMBER 31, 1968 WITH COMPARATIVE FIGURES FOR 1967**

	1968	1967
Amount at beginning of year .....	\$ 2,248,606	\$ 2,225,029
Net profit (loss) .....	<u>(271,733)</u>	<u>327,116</u>
Prior years' provisions for taxes on income not required, less amount applicable to minority interest .....	20,000	—
	<u>1,996,873</u>	<u>2,552,145</u>
Deduct:		
Loss on disposal of investments in subsidiaries .....	283,255	117,840
Deferred taxes on income representing tax reductions arising in prior years, less amount applicable to minority interest (note 8) .....	7,975	—
Dividends on preference shares .....	92,850	185,699
	<u>384,080</u>	<u>303,539</u>
Amount at end of year .....	<u>\$ 1,612,793</u>	<u>\$ 2,248,606</u>

(See accompanying notes to consolidated financial statements)

Subject to the accompanying report of Peat, Marwick, Mitchell & Co., Chartered Accountants,  
dated February 14, 1969.

**CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
YEAR ENDED DECEMBER 31, 1968 WITH COMPARATIVE FIGURES FOR 1967**

	1968	1967
Funds provided:		
From operations:		
Net profit (loss) .....	\$ (271,733)	\$ 327,116
Add:		
Depreciation .....	544,312	552,384
Other transactions not requiring an outlay of cash .....	33,290	18,711
Funds provided from operations .....	305,869	898,211
Fixed assets of subsidiaries at date of disposal .....	1,246	154,800
Proceeds from sale of fixed assets (1968, exclusive of mortgage \$65,990) .....	61,815	17,087
Increase (decrease) in minority interest in equity of subsidiaries	36,330	(26,424)
Miscellaneous .....	8,051	104,371
Total funds provided .....	<u>413,311</u>	<u>1,148,045</u>
Funds used:		
Purchase of fixed assets .....	238,345	441,450
Long term debt .....	261,390	484,074
Other investments and advances .....	(75,000)	375,000
Funds provided for the purchase of preference shares .....	16,323	23,677
Loss on disposal of investments in subsidiaries .....	283,255	117,840
Dividends on preference shares .....	92,850	185,699
Decrease in working capital .....	<u>817,163</u>	<u>1,627,740</u>
	<u>\$ 403,852</u>	<u>\$ 479,695</u>

(See accompanying notes to consolidated financial statements)

Subject to the accompanying report of Peat, Marwick, Mitchell & Co., Chartered Accountants,  
dated February 14, 1969.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 1968

(1) The consolidated financial statements for 1968 include the accounts of all subsidiary companies.

(2) Recent audited financial statements of the companies whose preference shares and notes are held are not available. Consequently, the current value of the shares and the liquidity of the notes receivable at December 31, 1968 cannot be determined.

(3) Fixed assets are stated as follows:

Buildings, machinery and equipment:	
On the basis of an appraisal report by Stone & Webster Engineering Corporation, dated January 29, 1954, with subsequent additions at cost, less accumulated depreciation \$3,010,317	\$2,884,803
At cost, less accumulated depreciation \$4,147,870	2,279,364
At values determined by the Board of Directors of a subsidiary company, as of August 31, 1955, with subsequent additions at cost, less accumulated depreciation \$86,030	45,493
	\$5,209,660
Land:	
On the basis of an appraisal report by Lounsbury & Lounsbury Ltd., dated January 18, 1954	\$ 142,980
At cost	149,417
	\$ 292,397
(4) The long term debt is made up as follows:	
Lien notes	\$ 265,979
6% Mortgage, maturing on April 1, 1969	45,833
	311,812
Less amounts due within one year, included in current liabilities	180,698
	131,114
Bridge & Tank Company of Canada Limited:	
5 1/4% First Mortgage Sinking Fund Bonds Series A due March 1, 1974	\$2,500,000
Less redeemed and cancelled	1,597,000
	903,000
	\$1,034,114

The trust deed securing the 5 1/4% First Mortgage Sinking Fund Bonds Series A requires a payment in cash or in Sinking Fund Bonds to the Trustee of not less than \$150,754 on March 1, 1969. This requirement has been met at December 31, 1968 to the extent of \$128,201.

(5) Capital Stock:

	Shares	Amount
Authorized:		
Preference shares, par value \$50 each	192,467	\$9,623,350
Less redeemed to date	450	22,500
Authorized for issuance		
	192,017	\$9,600,850
Common shares of no par value		
	3,000,000	—
Issued:		
2.90 Sinking Fund Preference shares	32,467	\$1,623,350
Less redeemed to date	450	22,500
Issued and outstanding	32,017	\$1,600,850
Common shares issued and outstanding	1,043,694	\$1,815,166

(b) The issued preference shares are non-participating and carry a fixed cumulative dividend of \$2.90 per share per annum. The shares are redeemable at \$51 per share.

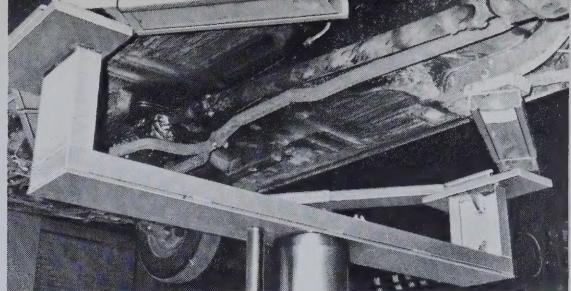
(c) Under the terms of the sinking fund provisions in respect of the issued preference shares, the company has set aside \$100,000 in cash to be used for the purchase of preference shares for cancellation.

(6) Dividend arrears on the \$2.90 Sinking Fund Preference shares are \$3.625 per share or \$116,061.

(7) Contingent liabilities and commitments:

(a) Bank loans to another company are guaranteed up to a maximum of \$100,000.

(b) The liability for past service costs under the companies' pension plans remaining to be accrued is approximately \$991,500 at December 31, 1968 based on actuarial studies made as at December 31, 1966. This amount is being amortized in the amount of \$70,507, including interest, annually to December 31, 1989.



(8) During the year ended December 31, 1968 the companies, which previously used the taxes payable basis for accounting for taxes on income, adopted the tax allocation basis and, accordingly, the net loss for the year 1968 is approximately \$8,000 (\$16,000 before providing for minority interest) less than the amount which would have been reported if the previous basis had been used.

With respect to certain companies in the group, income taxes have been reduced in prior years by an aggregate amount of approximately \$472,500, as a result of claiming capital cost allowances and other deductions allowed for income tax purposes in excess of the related amounts charged in the companies' accounts. It is the present intention, in some cases, to claim for the current year capital cost allowances and other deductions in an amount less than the related charges in the accounts. As a result of this and certain other effects of adopt-

ing the tax allocation basis, accumulated tax reductions to December 31, 1968 will amount to \$408,000 of which \$69,500 relates to the minority interest. No provision is being made in the balance sheet at this time for these accumulated tax reductions.

No income taxes are payable by certain other companies in the group because of losses incurred during the year, which losses, together with losses incurred in prior years, will be available under the related taxing statutes to reduce taxes otherwise payable in future years. In addition, these companies have accumulated certain deductions, as a result of claiming in the current and prior years capital cost allowances at amounts less than the related amounts recorded in the companies' accounts, which are available to reduce taxes otherwise payable in future years by approximately \$352,000 at current rates. No part of this amount has been reflected in the companies' accounts.

#### HAMILTON BRIDGE DIVISION

##### OFFICES AND PLANT:

390 Gage Avenue North,  
Hamilton, Ontario.

##### PARTIAL LIST OF PRODUCTS:

Bridges, Tank and Plate Work, Structural Steel,  
Long Span Joists, Bins, Storage Tanks, Steel Pressure  
Vessels, Elevated Steel Water Tanks, Alliance Cranes,  
Custom Machine Shop Services

##### WAREHOUSE STEEL DIVISION:

Beams, Channels, Angles, Plates, Floor Plates,  
Round and Flat Bars.

#### BRECO AERIAL TRAMWAY DIVISION

Aerial Tramways, Chair Lifts, Aerial Cableways.

#### BRIDGE & TANK WESTERN LTD.

##### OFFICE:

Sutherland and Maple Street,

##### PLANT:

Gateway Rd. and Vulcan Ave.,  
North Kildonan, Manitoba.

##### PARTIAL LIST OF PRODUCTS:

Structural Steel and Bridge Fabrication, General Plate  
Fabrication, Conveying and Material Handling Equipment,  
Miscellaneous Iron, Grain Handling Equipment  
and Custom Machine Work.

#### RHEEM CANADA LIMITED

##### HEAD OFFICE:

128 Barton Street West,  
Hamilton, Ontario.

##### PLANTS:

Hamilton, Ont., Edmonton, Alta.,  
Vancouver, B.C.

##### PARTIAL LIST OF PRODUCTS:

Steel Shipping Containers, Aluminum Drums,  
Stainless Steel Drums, Hot and Cold Rolled Steel Drums,  
Special Internal Coated Drums, Transformer Cases,  
Domestic Gas, Electric and Oil Fired Hot Water  
Heaters, Range Boilers.

#### FORD-SMITH MACHINE COMPANY LIMITED

##### OFFICE AND PLANT:

390 Gage Avenue North, Hamilton, Ontario.

##### PARTIAL LIST OF PRODUCTS:

Grinding and Polishing Machines, "Universal" Automotive  
and Industrial Lifting Equipment, Fontaine Fifth Wheels.

#### FORD-SMITH COMPAGNIE LIMITÉE

9340 Charles de Latour St.,  
Montreal 11, P.Q.

#### FORAN'S CRANE & EQUIPMENT SERVICE LIMITED

449 Woodward Ave., Hamilton, Ontario.

Provides a complete crane rental service.  
Equipment ranges from 5 ton to 140 ton capacity,  
on wheeled and crawler machines.  
Services include steel and cement hoisting,  
machinery moving.

The revolutionary Cherry Street bascule bridge built by the Hamilton Bridge Division for the City of Toronto.

